Australian Government
Department of Agriculture, Water and the Environment

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Committee Secretary
Joint Standing Committee on Migration
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Committee Secretary

Joint Standing Committee on Migration into the Working Holiday Maker program

Thank you for your invitation to make a submission to the 'inquiry into the Working Holiday Maker program' (Inquiry).

Australian agriculture is a significant employer in rural and regional Australia.

Demand for labour on Australian farms has undergone substantial change over the past decade. The number of owner–managers and contributing family workers on family farms has declined as the number of farms has declined and the average size of farms has increased. At the same time, the number of employees across the agricultural sector has increased.

According to the ABARES Snapshot of Australia's Agricultural Workforce (2018), in 2016, 228,372 people were directly employed in agriculture, representing 2.2 per cent of all employed people in Australia. The number of people working in agriculture increased by 4.1 per cent between 2011 and 2016.

Agriculture has linkages through the supply chain and interdependence on other sectors of the economy. When employment in food and beverage manufacturing, fibre, manufacturing and wholesale trade is also considered, the wider workforce connected with agriculture is estimated at 466,6252 in 2016.

In industries such as horticulture, this farm consolidation and growth has meant there are fewer permanent workers per farm while the short term spikes in demand for labour, particularly for lower skilled picking and packing jobs have grown. The small populations of regional towns are not able to meet this demand. This has led to a reliance on temporary migrant workers, particularly Working Holiday Makers (WHMs), to fill seasonal, lower skilled positions.

According to the 2018 ABARES Farm Survey, WHMs were the most commonly employed overseas workers on farms. On vegetable and fruit and nut farms, backpackers accounted for around 20 per cent of all workers at the peak of seasonal employment. WHMs are also employed in other parts of the agriculture sector, but they play a particularly key role in horticulture.

The demand for labour varies with the season and between industries, with most horticultural farms needing workers for short seasons. In the vegetable industry, around half

of farms reported their peak labour needs lasted for less than 6 months. Seasonal work is often not attractive to Australians who want longer term employment close to where they live. Australian residents are generally not willing to relocate to rural and regional Australia for seasonal, short term employment.

Consequently, WHMs are a relatively low-cost flexible source of overseas workers for farmers, because they do not have the upfront employment costs required for other work visa programs — which include airfares, minimum work and wage guarantees or local labour market testing administration burden. WHMs are also seen by industry as very flexible and it is common for them to be employed casually during peak labour periods.

The Working Holiday Visa Program incentivises overseas workers to seek employment in agriculture and other specified industries if they wish to extend their visa. Visa holders can extend their visas for a second year if they work for three months (88 days) in agricultural or specified primary industries in designated regional areas. Second-year visa holders may be eligible for a third-year visa if they complete six months of specified work in a regional area.

- In 2018-19, 36,125 visa applicants gained eligibility for a second year visa by working in the agricultural, forestry of fishing industry (Department of Home Affairs, 2019).

While changes to the visa program announced in November 2018 enabled employers to be able to retain trained and experienced employees for up to 12-months, rather than the previous 6-months, the visa's 88 day threshold to qualify for an extension results in a high turnover of employees. This turnover increases training requirements and contributes to lower average productivity compared to some other workforce cohorts.

- The 2018 study, *What difference does labour choice make to farm productivity and profitability in the Australian horticulture industry?* Zhao,S., et al, found that the productivity of Seasonal Worker Program workers were, on average, 20% higher than that of WHMs based on fruit picking tasks.

Additionally, some significant horticultural production regions in peri-urban areas do not qualify as regional for the purposes of a visa extension.

Government statistics and other independent reports do not currently provide a consistent picture of the agriculture workforce, particularly seasonal, lower-skilled positions. The census only counts the occupational details of permanent Australian residents. Employees present in Australia on various visas are not counted in this data. As there are no current requirements for WHMs to provide details for their employment, tracking where the WHM workforce is in the country is difficult. In contrast, Pacific labour mobility initiative visas are sponsored by specific employers, making tracking the location and availability of this workforce more consistent and reliable.

While agricultural labour supply has been broadly meeting demand during the COVID-19 pandemic, there is growing concern within the industry as we move toward peak demand for labour in the vegetable and irrigated fruit sectors over spring-summer.

Despite high unemployment due to the pandemic, industry has advised that interest from Australians in advertised jobs is still relatively low and they are keen to make the most of the WHM cohort that remain the country. There was a steady decline in the number of WHMs in

Australia between March and April 2020, with departures slowing considerably since. It will be important for agricultural employers to look at ways of engaging these WHMs, and working with counterparts across state boundaries to facilitate movement and engagement of workers and assist with worker movement as harvest labour demand moves around Australia, subject to any border restrictions, social distancing requriements and other health protocols

The Australian Government has commissioned the National Agricultural Labour Advisory Committee to develop a National Agricultural Workforce Strategy (the strategy). The strategy will consider the workforce challenges facing the sector and recommend actions to attract, retain and upskill the domestic workforce - as well as identify where access to a migrant workforce will be necessary to meet industry needs. Working Holiday Makers will continue to be a critical cohort going forward. The National Agricultural Labour Advisory Committee is leading the development of the strategy, and will report to government by 31 October 2020.

Yours sincerely

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Rosemary Deininger

Deputy Secretary
Policy Innovation, Strategy, Fisheries & Forestry Group

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[i] 2018 *What difference does labour choice make to farm productivity and profitability in the Australian horticulture industry?* Zhao,S., Binks,B., Kruger,H., Xia,C and Stenekes,N.